

~~CONFIDENTIAL~~

OFFICE OF VICE PRESIDENT AND SECRETARY
OFFICE OF VICE PRESIDENT/SECRETARY-LEGAL COUNSEL

TRANSLATION No. C-2499

URGENT & CONFIDENTIAL

Petition No. C-53-17081

Date: December 24, 1964

To : Civil Aeronautics Administration

REC'D WAS DEC 28 1964

From : Civil Air Transport Company Limited

Subject : Air Route to Viet Nam

We respectfully refer to our Petition No. C-53-16700, dated November 3, and Petition No. C-53-16975, dated December 11, 1964, to which we have as yet received no response. In our latter petition we mentioned that this Company's responsible personnel were about to visit Saigon and Kuala Lumpur in the near future. While in Saigon in the middle of the month, our Company's responsible personnel, acting on the authority given by MOFA and MOC in December, 1960, conveyed to us per your Notification YEH-2-49-2211, dated December 26, 1960, further pursued negotiations with responsible officials of Air Vietnam, with a view of establishing an air route between ROC and Viet Nam. This objective has been most difficult to accomplish and has taken a number of fruitless years of patient discussions and exchanges of ideas between the two carriers, which have been reported to you from time to time. However, this last discussion with Air Vietnam has been unprecedentedly successful and a written understanding has been consummated between the two parties which commits them to the principle that Air Vietnam is prepared and will be permitted to operate to Taipei via Hongkong and later beyond Taipei, while CAT is prepared and will be permitted to operate between Taipei and Saigon via intermediate points and beyond, both sides with full commercial rights, including the 5th freedom which up to now the Vietnamese Government has been unwilling to grant. A verifax of the agreement, dated December 15, 1964, signed in Saigon between the carriers, is enclosed for your information. This agreement was perused and approved by our Ambassador in Saigon and the Ministry of Public Works and CAA officials of the Vietnamese Government before it was executed. The signatories to this instrument are, on CAT's side, Messrs. Hugh L. Grundy and A. C. Yuan and, on AVN's side, Nouyen Xich Hae, Traffic and Sales Director of Air Vietnam.

Distribution:

AACL: MGDR (via President)

President

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VPGA

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CATCL: CB

Remarks: Processed per VPGA-64-081.

Office of Vice President/Secretary-Legal Counsel

for Office of Vice President and Secretary

December 24, 1964

OVPRLC-COT-008

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Although this is a great step forward, to our country in terms of closer Sino-Vietnamese relations, and to CAT in terms of new routes to be opened in Southeast Asia, the actual implementation of the exchange is not yet possible because a great deal depends on the concurrence of the Hongkong Government and CPA, since the key to both the Chinese and Vietnamese operations is held by the authority and vested interests at the intermediate point. Subsequent to the negotiations in Saigon, therefore, our responsible personnel immediately went to Hongkong to discuss the matter with CPA. It happens that CPA is presently much interested in additional rights for themselves over the routing Hongkong/Taipei/Japan and, because of this interest, have agreed to the substance of the CAT-AVN proposals, although they find the utilization of one carrier's rights by another, vide condition "1" in the agreement, objectionable in principle. Nevertheless, in order to gain additional benefits for themselves Hongkong/Taipei/Japan, they have agreed to take up the matter with the Hongkong and U.K. authorities with the view to obtaining government approval to the terms of the CAT-AVN agreement, either in its present form or in an alternate manner to achieve the same results. However, they anticipate this may take some time to achieve.

We are submitting this preliminary report for the information of the Government, and pending further developments which will be reported from time to time, we hereby petition the Government on the following points which are of paramount importance to any successful accomplishment in respect of ROC-Vietnam air exchange:

- a. An approval of the terms of the CAT-AVN agreement of December 15, 1964.
- b. Energetic efforts to conclude an air bilateral agreement with the Vietnamese Government.
- c. Closely cooperate with this Company, vis-a-vis the Vietnamese and Hongkong sides, to ensure that the present delicate balance of interests is not in any way upset.

The favor of early directions is requested. The Government may consider it useful to convene a meeting among the ministries and offices concerned and permit us to submit a fuller presentation on the complexities of the problem.

Civil Air Transport Company Limited

cc: MOC
MOFA